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In the Supreme Court

OF THE

United States

OCTOBER TERM, 1965

No. 1210

MASSEY-FERGUSON, INC., a corporation,
Petitioner,

vs.

H. W. GLESSNER, Trustee in Bankruptcy of Marvin K. Dunagan, Bankrupt,
Respondent.

PETITION FOR A WRIT OF CERTIORARI to the United States Court of Appeals for the Ninth Circuit

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Respondent.

PETITION FOR A WRIT OF CERTIORARI to the United States Court of Appeals for the Ninth Circuit

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit entered in the above-entitled case.

OPINIONS BELOW

The opinion of the Court of Appeals is reported in 353 F.2d 986. The opinion of the District Court is unreported. Both are reproduced in the Appendix. A copy of the judgment of the Court of Appeals is also reproduced in the Appendix.

JURISDICTION

The judgment of the Court of Appeals was entered on December 13, 1965. Rehearing was denied on January 19, 1966. The jurisdiction of this Court is invoked under Section 24c of the Bankruptcy Act, 11 USC Section 47, and under 28 USC Section 1254(1).

QUESTION PRESENTED

Does the return by a conditional vendee, within four months of his bankruptcy, of goods he had purchased under unfiled conditional sales contracts, and not paid for, constitute a transfer "of any of [his] property" within the meaning of Section 60a(1) of the Bankruptcy Act, 11 USC Section 96?

FEDERAL AND STATE STATUTES INVOLVED

Section 1(30), and the pertinent paragraph of Section 60, of the Bankruptcy Act, and Sections 44-302, 303, 304, 305, and 44-316, Arizona Revised Statutes, are set forth in the Appendix.

STATEMENT OF THE CASE

Petitioner is a manufacturer and seller of industrial and construction equipment, as well as of farm machinery, implements, and replacement parts. Respondent is the Trustee in Bankruptcy for one of Petitioner's former dealers in the State of Arizona. The goods here in issue were shipped by Petitioner to

the Bankrupt under conditional sales agreements. These agreements were not filed for public record. The dealer paid nothing towards the purchase price of these goods. Some two months prior to the dealer's bankruptcy, upon termination of the dealership, the Bankrupt voluntarily returned the previously shipped goods to Petitioner. During the time the dealer had been in possession of the goods, no buyer had purchased any interest in them, and no creditor had obtained a lien on them.

Respondent filed an action in the United States District Court for the District of Arizona, as authorized by Section 23 of the Bankruptcy Act, 11 USC Section 46, seeking recovery of the goods or of their fair value from Petitioner. The District Court held that the return of these goods did not amount to a voidable preference under Section 60 of the Bankruptcy Act, 11 USC Section 96, and entered judgment in favor of Petitioner. The Court of Appeals disagreed and reversed the judgment. The material facts are undisputed.

REASONS FOR GRANTING THE WRIT

I

THERE IS AN ADMITTED CONFLICT BETWEEN THE CIRCUITS.

The decision below is admittedly in conflict with a decision of the Court of Appeals for the First Circuit, rendered less than a year earlier, on an important question arising under the Federal Bankruptcy Act.

The opinion of the Court below, holding that voluntary repossession of goods by a conditional vendor is a transfer *of the property of the bankrupt* within the meaning of Section 60a of the Bankruptcy Act, was handed down on December 13, 1965. On April 22, 1965, the Court of Appeals for the First Circuit had held exactly the opposite in *Carina Mercury, Inc. v. Ingaravides,* 344 F. 2d 397. The latter Court's rationale, succinctly stated, is as follows:

> "We think it is clear that it [the retaking within four months of the bankruptcy] did not . . . operate [as a preference]. For it was not a transfer of the bankrupt's property but merely a retaking by the conditional vendor of property to which it had held title all along, Finance & Guaranty Co. v. Oppenhimer, 1928, 276 U.S. 10, 48 S.Ct. 209, 72 L.Ed. 443; Federal Finance Corporation v. Reed, 1 Cir. 1924, 296 F. 1; 4 Remington on Bankruptcy § 1727.1, and which under the [applicable] Conditional Sales Act it was entitled to retake."

The Court below reasoned that intervening amendments to the Bankrupty Act had legislatively overruled the earlier decisions of this Court in *Bailey v. Baker Ice Machine Co.* (1915), 239 U.S. 268, 36 S. Ct. 50, 60 L. Ed. 275, and *Finance & Guaranty Co. v. Oppenhimer* (1928), 276 U.S. 10, 48 S. Ct. 209, 72 L. Ed. 443. The Court of Appeals for the First Circuit in *Carina Mercury,* supra, on the other hand, cited both of these decisions as controlling authorities. The Court below acknowledged this conflict in the following passage of its opinion:

> "On the other hand, the Court of Appeals of the First Circuit appears to continue of the opinion that the *Baker* doctrine still rules a situation such as that presented at bar . . .
>
> "Our high regard for the acumen of the Court of Appeals of the First Circuit gives us pause, but we remain nonetheless convinced that both reason and policy, as well as legislative history, sustain our conclusion . . ." 353 F. 2d 986, 993.

The question raised by this conflict—whether a conditional vendee's voluntary return, within four months prior to taking bankruptcy, of goods previously shipped to him by a conditional vendor under an unrecorded conditional sales agreement, constitutes a voidable preference under Section 60a of the Bankruptcy Act—is enmeshed in the intricacies of that Act. At the same time, however, it is a question of great and continuing practical importance in determining the rights of parties to a conditional sales agreement as against a trustee in bankruptcy. The great frequency with which such contracts are used in commercial transactions, large and small, suggests that the question here presented is one which must constantly recur in litigation arising out of bankruptcy. It is a question which will confront the state Courts as well as the lower federal Courts, both of which are given concurrent jurisdiction to determine cases involving preferences under the Bankruptcy Act. Section 60b of the Bankruptcy Act, 11 USC Section 96.

In 1915, this Court decided the case of *Bailey v. Baker Ice Machine Co.*, supra. The facts of that case

differed from the facts of the instant case in only one material particular: in *Bailey,* the conditional sale contract was filed for record within four months prior to the bankruptcy of the vendee, but possession of the goods remained in the vendee until bankruptcy, at which time it passed to the trustee. This Court held that the conditional vendor should prevail in its action to recover the goods sold.

The basis for the holding in *Bailey* was twofold:

(a) The delivery by a conditional vendor to a conditional vendee of goods, with a provision that the conditional vendor shall retain the title or property interest in the goods, is *not* a *transfer by the bankrupt.* This branch of the holding is illustrated by the following language from the opinion in *Bailey:*

> "It therefore is plain that Section 60b refers to *an act on the part of a bankrupt* whereby he surrenders or encumbers his property or some part of it for the benefit of a particular creditor . . . " 239 U.S. at 274. (Emphasis added.)

(b) Goods delivered to a conditional vendee by a conditional vendor, with the provision for the retention of the property interest or title in the conditional vendor, do not become the "property" of the bankrupt, and therefore a transfer of such goods, even by the bankrupt, is not a transfer "of any of [his] property." This branch of the holding is reflected in the following language from the opinion:

> "The section leaves no doubt that to be within its terms the transfer must be one which a bankrupt makes *of his own property* . . .

> "The property to which it related was not theirs, but the *Baker Company's*. The ownership was not transferred, but only the possession, and it was transferred to the bankrupts, not from them." 239 U.S. at 274. (Emphasis supplied.)

Subsequent to *Bailey*, the "first branch" of the holding was relied upon by lower federal Courts in ruling that bailments and leases, as well as conditional sales contracts, were not preferential transfers under the Bankruptcy Act because the security interest of the lessor or bailor did not arise by reason of an act of the bankrupt; the bankrupt had *not made* the transfers.

The "second branch" of the holding was relied upon in later cases, including the opinion of this Court in *Finance & Guaranty Co. v. Oppenhimer,* supra, to hold that other types of transactions, in addition to conditional sales, were not preferential because the goods transferred or repossessed were *not the property of the bankrupt.*

Congress substantially amended the Bankruptcy Act by the Chandler Act of 1938, and enacted additional amendments in 1950 and 1952. One of the purposes of these amendments was to tighten up the provisions relating to preferences (Section 60a), and thereby to invalidate certain types of secret liens which had been held invulnerable to attack by the trustee in earlier decisions of this Court. The Chandler Act amended the language of Section 60a to make a preferential transfer a transfer "made *or suffered*" by the bankrupt. In so doing, it quite clearly over-

ruled the "first branch" of the *Bailey* holding. This result was re-emphasized by the addition, in 1952, to the elaborate definition of "transfer" the language: "the retention of a security title to property delivered to a debtor shall be deemed a transfer suffered by such a debtor." 66 Stat. 420 (1952), 11 USC Section 1(30).

But in none of these amendments was there any change at all in the requirement, now found in Section 60a of the Act, that the transfer be "of any *of the property of a debtor.*" Thus, so far as the actual language used by Congress is concerned, the "first branch" of *Bailey* is legislatively overruled, but the "second branch" remains unaffected by subsequent amendments. This was at least partially recognized by the Court below in the following passage from its opinion:

> "The 1950 and 1952 amendments to the Bankruptcy Act do not, it is true, explicitly disavow the *Bailey* doctrine that rights embraced within a title interest retained by the conditional seller are not 'property' of the vendee-debtor, but the legislative history of the amendments persuades us that the Congressional intent was to repudiate unequivocally the *Bailey* rationale." 353 F. 2d 986, 991.

The Court of Appeals for the First Circuit, in *Carina Mercury,* supra, disagreed, expressly relying on the "second branch" of the *Bailey* doctrine, and citing both the *Bailey* and *Oppenhimer* decisions of this Court as authoritative.

The Supreme Court of Colorado, in *Seckler v. J. I. Case Co.* (1960), 141 Colo. 395, 348 P. 2d 368, Cer. Den. 363 U.S. 819, 80 S. Ct. 1258, 4 L. Ed. 1517—an exact parallel to the case at bar—held in 1960 as did the Court of Appeals for the First Circuit. In so doing it reasoned:

> "*Morrison* [*the bankrupt*] *at no time acquired title to any of the property involved; the title at all times being in Case under the dealer's contract. No third person is here claiming to have acquired rights thereto upon the faith of Morrison's possession and apparent ownership, and such possession and apparent ownership having evaporated upon Case's reclaiming and removing the property, the receiver or the trustee in bankruptcy can assert no greater rights than could Morrison; they stand in his shoes.* Lewin v. Telluride Iron Works Co., 8 Cir., 272 F. 590; Bogdon v. Fort, 75 Colo. 231, 225 P. 247." 348 P. 2d 368, 370. (Emphasis supplied.)

Cases from other Circuits, cited by the Court below as "in effect" supporting its conclusions, are a good deal less than clear on the point. *Sims v. Capitol Refrigeration Co., Inc.,* 294 F. 2d 111 (2nd Cir. 1961), remanded the preference issue under Section 60a for trial in the lower Court without discussion of the "property" issue. *In re Morasco,* 233 F. 2d 11 (2nd Cir. 1956), involved conditionally sold goods still in the possession of the bankrupt, and as to them reached the same result as did the Court below. *B. F. Avery and Sons Co. v. Davis,* 226 F. 2d 942 (5th Cir. 1955), appears to turn on a change in the construction of a

state statute by a state Court. None of these three cases even advert to the earlier holdings of this Court, to the 1938 or 1952 amendments to the Bankruptcy Act, or to the legislative history of these amendments. Without lending any direct support to the reasoning of the Court below on the critical issue, they do nevertheless contribute to the confusion—confusion which can only be resolved by this Court.

II

THE COURT BELOW HAS DECIDED A FEDERAL QUESTION IN A WAY WHICH CONFLICTS WITH THE APPLICABLE DECISIONS OF THIS COURT.

The Court below, in holding that the "second branch" of *Bailey* had been legislatively overruled, conceded that such a result did not follow from the language of the 1950 and 1952 amendments to the Bankruptcy Act itself. The result was reached on the basis of what the Court below thought to be Congressional intent, as divined through a study of the legislative history. In taking this approach, the Court below violated three precepts of statutory construction repeatedly approved by this Court: (a) where a statute is plain and unambiguous, there is no room for construction, *Asaka Shosen Kaisha Line v. U. S.* (1937), 300 U. S. 98, 57 S. Ct. 356, 81 L. Ed. 532; (b) the plain words and meaning of a statute cannot be overcome by legislative history, *Gemsco v. Walling* (1945), 324 U. S. 244, 65 S. Ct. 605, 89 L. Ed. 921; and (c) repeals by implication are not favored, *Federal*

Trade Commission v. A.P.W. Paper Co. (1946), 328 U. S. 193, 66 S. Ct. 932, 90 L. Ed. 1165. While canons of construction such as these do not by themselves decide cases, their violation is at least reason for closely scrutinizing the reasoning of the Court below.

a. The legistive history is wholly unconvincing.

The legislative history relied upon by the Court below consisted of the following:

(1) The testimony of a witness (Professor McLaughlin) at Congressional hearings held prior to the 1938 Chandler Act amendments, which testimony was described in a footnote to the opinion of this Court in *Corn Exchange National Bank & Trust Co. v. Klauber,* 318 U. S. 434, 63 S. Ct. 679, 87 L. Ed. 884. The footnote does not purport to be a verbatim account of the testimony of the witness, but after summarizing its criticism of another decision of this Court, *Thompson v. Fairbanks,* 196 U.S. 516, adds that

> "Similar disapproving reference was made to *Bailey v. Baker Ice Machine Co.,* 239 U.S. 268 . . ."

It would appear that even a verbatim transcript of the McLaughlin testimony would be fairly low on the list of reliable materials for ascertaining legislative history.

A description of the substance of his testimony by some one else should logically rank even lower. But quite apart from the remoteness of the testimony from the legislation, or the unreliability of the summary, neither the respondent nor the

Court below relied on the 1938 amendments in reaching their conclusion. This is apparent from the following statement in the opinion of the Court below:

> "However, the 1950 and 1952 amendments to the Bankruptcy Act convince us that the *Bailey* doctrine no longer subsists." 353 F. 2d 986, 990.

The idea that Professor McLaughlin's *1938* comments were somehow embodied in the *1950* and *1952* amendments is little less than preposterous.

(2) The 1949 Report of the Judiciary Committee of the House, dealing with the proposed 1950 amendments. This report contained the following language:

> "Other cases, substantially to the effect of one or the other of these two, are *Bailey v. Baker Ice Machine Co.* (1915) 239 U.S. 268; *Martin v. The Commercial Bank* (1918), 245 U.S. 513; and *Bunch v. Maloney* (1918), 246 U.S. 658.
>
> "In 1938 the Bankruptcy Act was amended to obviate the effect of these cases, which were regarded with disfavor by the great majority."

It must be noted that this bit of history does not, as suggested by the Court below, deal "with the proposed 1950 amendments," but instead deals with the effect of the 1938 amendments. As such, it represents the observation or opinion of the author of the 1949 report, presented to the 81st Congress, as to the intent and effect of the Chand-

ler Act, which had been passed eleven years before by the 75th Congress. Such legislative history wholly lacks the elements of contemporaneousness, and of consideration by the members of the Congress which enacted the law, that presumably alone can give validity to legislative history.

(3) The Senate Report on the 1952 legislation, which was intended to clarify the definition of "transfer" in Section 1(30) of the Bankruptcy Act, contained the following language:

> "*Bailey v. Baker Ice Machine Co.*, 239 U.S. 268 (1915), held that a conditional sale to the debtor could not be a preferential transfer, because it was not made by the debtor. Since the 1950 amendment of Section 60, it is clear that a preferential transfer may be suffered by the debtor, but the generality of the present definition is clarified by the declaration that such a reserved interest may be a transfer suffered by the debtor."

This makes clear that Congress intended to overrule the "first branch" of *Bailey*—"that a conditional sale to the debtor could not be a preferential transfer, because it was not made by the debtor." Any conclusion from this language that Congress by the use of this added definition of "transfer" intended to overrule the "second branch" of *Bailey* can only be characterized as speculation.

Even assuming this were an appropriate case for a full examination of the legislative history

behind a particular enactment, the three fragments relied upon by the Court below are scarcely convincing.

b. "Bailey" results in no anomaly.

The Court below found further support for its view in the fact "that the result avoids the anomaly of allowing the security interest of a conditional seller to stand invincible while, under similar circumstances, the security interest of a chattel mortgage is held voidable by the trustee in bankruptcy."

Naturally, if one starts from the premise that all secured transactions involving tangible personal property should be treated alike insofar as bankruptcy is concerned, the result reached in *Bailey* is indeed "anomalous." However, there is no evidence that Congress started from this premise, either in the bankruptcy enactments prior to 1915, or in those subsequent to it. Congress has chosen in several places in the Bankruptcy Act to treat differently property to which the bankrupt has *title*—that is, property *of the bankrupt*—albeit subject to liens, and property to which the bankrupt does not have title or ownership, but as to which the bankrupt may be the ostensible owner. As of the date of the bankruptcy title to the *property of the bankrupt* vests in the trustee; as to property not owned by the bankrupt, but in which the bankrupt "has an interest or as to which the bankrupt may be the ostensible owner, the trustee is merely given the status of a lien creditor." H. R. Report No. 2320, 82nd Congress, Second Session, page 16, quoted in *Lewis v. Manufacturers' Na-*

tional Bank (1961), 364 U. S. 603, 81 S. Ct. 347, 5 L. Ed. 2d 323.

If this distinction be carried over to Section 60, there is a sound basis for a result in the case of conditional sales—where the debtor has neither title nor ownership, but only a possessory interest—different from that in the case of chattel mortgages, where the debtor has ownership and title, subject to a lien. This is particularly true in the case at bar, in view of the fact that the debtor had relinquished *even his possessory interest* months prior to his bankruptcy.[1]

A far greater anomaly than any which the Court below sought to avoid would result from the adoption of its reasoning. The Court's opinion says that this Court's decision in *Finance & Guaranty Co. v. Oppenhimer,* supra, must go by the boards just as *Bailey* does. But none of the reasons given by the Court below for invalidating *Bailey,* even assuming their validity, apply at all to *Oppenhimer. Oppenhimer*—

---

[1]It is to be noted that the Bankruptcy Act leaves the ultimate Section 60a(1) question, whether the goods here in issue were "the property of [the] debtor", to be determined by State law, here the law of Arizona. *McKenzie v. Irving Trust Co.* (1945), 323 U.S. 365, 65 S. Ct. 405, 89 L. Ed. 305.

In Arizona, by force of statute, ARS Sec. 44-302, which is identical to Sec. 2 of the Uniform Conditional Sales Act, a conditional vendee acquires *no property interest* or *ownership* in the goods until he has complied with the conditions of the contract. Title and ownership—not merely a lien right as obtained by a chattel mortgagee—remains in the conditional vendor. In the interim *all* that a conditional vendee obtains, when not in default, is the right of possession of the property and, of course, the right to obtain title by complying with the terms of the contract. Upon the default of the conditional vendee or upon his voluntary return of the goods *his possessory right ceases to exist,* or, as one Court put it, it simply "evaporates". See ARS Sec. 44-316.

identical in principle to the case at bar, and recently followed by the First Circuit in the *Carina Mercury* decision, itself a parallel to the case at bar—is not even mentioned in any of the testimony, committee reports, or legislative history upon which the Court below invalidated *Bailey,* insofar as it *holds that the transferred property must be the property of the bankrupt.* Yet, under the reasoning of the Court below, all are swept into the same pile.

The legislative history of recent amendments to the Bankruptcy Act assuredly discloses dissatisfaction with early decisions of this Court allowing holders of "secret" or "pocket" liens to prevail over the trustee in bankruptcy. It indicates a general sort of dissatisfaction with the result in several of these cases, including *Bailey v. Baker Ice Machine Co.* That such dissatisfaction with a case does not relegate it to limbo in its entirety is apparent from the fact that this Court cited *Bailey* with approval on another point as recently as 1961 in *Lewis v. Manufacturers' National Bank,* supra. It discloses absolutely no dissatisfaction with, or even comment on, the case of *Guaranty & Finance Co. v. Oppenhimer.*

The legislative history in connection with these amendments not quoted by the Court below, including that quoted by this Court in *Lewis v. Manufacturers' National Bank,* supra, and that embodied in H. R. Report 1293, 81st Congress, First Session, shows that on at least two occasions even the amending legislation had to be amended.

> "In 1938, the Bankruptcy Act was amended to obviate the effect of these cases, which were regarded with disfavor by the great majority. But in so doing, the authors of the amendment went further than was necessary, and it brought about results which they did not anticipate . . ."
>
> H. R. Report 1293, 81st Congress, First Session.

The Bankruptcy Act is not a simple charter of human rights, or a piece of social legislation, which represents only one dominant theme which subsequent amendments amplify. Instead, it is an intricate, technical piece of legislation, providing governing rules for multitudes of various commercial transactions, in seeking to effectuate both debtor relief and equitable distribution among creditors. There are no permanent "good guys" or permanent "bad guys" in the cast of characters.

In construing such an Act, careful attention to the language actually used by Congress ought to prevail over loose reliance on fragments of legislative history thought to indicate a result at odds with the actual statutory language. Thus, the Court below, in deciding the case as it did, decided it contrary to the "second branch" of *Bailey,* and contrary to *Finance & Guaranty Co. v. Oppenhimer,* both of which still remain good law. More specifically, it found that the returned goods here in issue were "the property of the debtor" when in fact and in law they were not "his property."

CONCLUSION

Both because the Court below has decided this case in conflict with the decision of the Court of Appeals for the First Circuit in *Carina Mercury,* supra, and because it has decided this case contrary to the decisions of this Court in *Bailey,* supra, and *Oppenhimer,* supra, a writ of certiorari should issue to review its judgment.

Respectfully submitted,

JAMES S. RIGGS,

HENRY JACOBOWITZ,

Attorneys for Petitioner.

(Appendix Follows)

Appendix

The pertinent provisions of the Bankruptcy Act are:

> Section 1(30). "Transfer" shall include the sale and every other and different mode, direct and indirect, of disposing or of parting with property with an interest therein or with the possession thereof or of fixing a lien upon property or upon an interest therein, absolutely or conditionally, voluntarily or involuntarily, by or without judicial proceedings, as a conveyance, sale, assignment, payment, pledge, mortgage, lien, encumbrance, gift, security, or otherwise; the retention of a security title to property delivered to a debtor shall be deemed a transfer suffered by such debtor.
>
> * * *
>
> Section 60a(1). A preference is a transfer, as defined in this Act, *of any of the property of a debtor* to or for the benefit of a creditor for or on account of an antecedent debt, made or suffered by such debtor while insolvent and within four months before the filing by or against him of the petition initiating a proceeding under this Act, the effect of which transfer will be to enable such creditor to obtain a greater percentage of his debt than some other creditor of the same class. (Emphasis supplied.)

The pertinent sections of the Arizona Revised Statutes are:

> Section 44-302. Primary rights of buyer.
>
> The buyer shall have the right when not in default to retain possession of the goods, and he

shall also have the right to acquire the property in the goods on the performance of the conditions of the contract. The seller shall be liable to the buyer for the breach of all promises and warranties, express or implied, made in the conditional sale contract, whether or not the property in the goods has passed to the buyer.

Section 44-303. Primary rights of seller.

The buyer shall be liable to the seller for the purchase price, or for installments thereof, as the same shall become due, and for breach of all promises made by him in the conditional sale contract, whether or not property in the goods has passed to the buyer.

Section 44-304. Conditional sales valid except as otherwise provided.

Every provision in a conditional sale reserving property in the seller after possession of the goods is delivered to the buyer, shall be valid as to all persons, except as hereinafter otherwise provided.

Section 44-305. Conditional sales void as to certain persons.

Every provision in a conditional sale reserving property in the seller, shall be void as to any purchaser from or creditor of the buyer, who, without notice of such provision, purchases the goods or acquires by attachment or levy a lien upon them, before the contract or a copy thereof shall be filed as hereinafter provided, and is void as to all persons except for the buyer unless such contract or copy is so filed within ten days after the making of the conditional sale.

Section 44-316. Retaking possession.

When the buyer shall be in default in the payment of any sum due under the contract, or in the performance of any other condition which the contract requires him to perform in order to obtain the property in the goods, or in the performance of any promise the breach of which is by the contract expressly made a ground for the retaking of the goods, the seller may retake possession thereof. Unless the goods can be retaken without breach of the peace, they shall be retaken by legal process, but nothing in this section shall be construed to authorize a violation of the criminal law.

In the United States District Court
For The District of Arizona

No. Civ-1828 Tucson

H. W. Glessner, Trustee in Bankruptcy of Marvin K. Dunagan, Bankrupt,
Plaintiff,

vs.

Massey-Ferguson, Inc., a corporation, et al.,
Defendants.

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND JUDGMENT

This action having been tried upon the facts by the court, sitting without a jury, the court does hereby find the facts and states separately its conclusions of law thereon, and directs the entry of judgment, as follows:

FINDINGS OF FACT

1. Plaintiff is the duly appointed, qualified, and acting Trustee in Bankruptcy of the Estate of Marvin K. Dunagan, Bankrupt, No. B-3514 Tucson.

2. That Marvin K. Dunagan was adjudged bankrupt on June 14, 1963.

3. That on or about April 12, 1963, defendant, Massey-Ferguson, Inc., retook or received from the bankrupt the equipment and parts described in the pretrial order filed herein on July 20, 1964.

4. That the equipment so retaken or received by defendant had come into the possession of the bankrupt and was held by him at Willcox, Cochise County, Arizona, on or about April 12, 1963, under and pursuant to the terms and provisions of a Dealer Wholesale Note and Invoice similar in tenor and effect to plaintiff's Exhibit 4, in evidence. That the parts so retaken or received by defendant, (with the exception of a lot of parts having an invoice value of $1,739.35, purchased by bankrupt from Roy Young in October, 1962), had come into the possession of the bankrupt and were held by him at Willcox, Cochise County, Arizona, on or about April 12, 1963, under and pursuant to the terms and provisions of a Dealer Sales Agreement similar in tenor and effect to plaintiff's Exhibit 1, in evidence.

5. That at the time defendant retook the parts and equipment, defendant was a creditor of the bankrupt. That the equipment and the parts, other than the parts purchased by bankrupt from Roy Young, were retaken by defendant under a claim of ownership of such equipment and parts by virtue of the terms of the respective Dealer Wholesale Note and Invoice and Dealer Sales Agreement documents. That defendant took possssion of the parts which bankrupt had purchased from Roy Young in October, 1962, as a pay-

ment on account of indebtedness owing by bankrupt to defendant.

6. That the documents, viz: Dealer Sales Agreement and Dealer Wholesale Note and Invoice, pursuant to which bankrupt came into possession of the equipment and parts above described were not recorded or filed at any time in the office of the County Recorder of Cochise County, Arizona. No evidence in the case indicates that notice of the contents of such documents was given to other creditors of bankrupt. No person purchased any interest in or to such equipment or parts, and no creditor of the bankrupt acquired by attachment or levy any lien upon such equipment or parts, or any part thereof, prior to the retaking or receipt of the equipment and parts by defendant on or about April 12, 1963.

7. That on or about April 12, 1963, Marvin K. Dunagan was insolvent and defendant had reasonable cause to believe that he was insolvent.

8. To the extent of the parts which had been acquired by bankrupt from Roy Young and were taken by defendant on or about April 12, 1963, and to the extent of $1,739.35, the retention of such parts by defendant enabled it to receive as payment a greater percentage of its debt than other creditors in the same class.

CONCLUSIONS OF LAW

1. That the transactions whereby bankrupt obtained equipment and parts from defendant pursuant to Dealer Wholesale Note and Invoice agreements and

Dealer Sales Agreements were conditional sales between the parties, Paragraph 1(a), Section 44-301, A.R.S.; and title to such equipment and parts so obtained by bankrupt and thereafter retaken on or about April 12, 1963, by defendant from bankrupt, at all times remained in defendant.

2. That defendant received a preference to the extent of $1,739.35, invoice value of the parts purchased by bankrupt from Roy Young in October, 1962, within the meaning of the Bankruptcy Act.

3. That the transaction between defendant and bankrupt whereunder defendant retook the equipment and parts, other than the parts purchased by bankrupt from Roy Young in October, 1962, did not amount to a preference to defendant and did not constitute a transfer by bankrupt which, under federal or state law, was fraudulent as against or voidable by any creditor or bankrupt having a claim provable in bankruptcy.

JUDGMENT

Now on this 17 day of September, 1964,

It Is Ordered And Adjudged that plaintiff, H. W. Glessner, Trustee in Bankruptcy of Marvin K. Dunagan, Bankrupt, have judgment against Massey-Ferguson, Inc., a corporation, for the sum of $1,739.35, together with plaintiff's costs of suit herein.

James A. Walsh
United States District Judge

United States Court of Appeals
for the Ninth Circuit

H. W. Glessner, Trustee in Bankruptcy of Marvin K. Dunagan, Bankrupt,
Appellant,
vs.
Massey-Ferguson, Inc., a corporation, et al.,
Appellees.

No. 19,778

[December 13, 1965]

Appeal from the United States District Court
for the District of Arizona

Before: HAMLEY and BROWNING, Circuit Judges, and MATHES, Senior District Judge

MATHES, Senior District Judge:

The trustee in bankruptcy of Marvin K. Dunagan, one-time farm implement dealer at Willcox, Arizona, appeals from the District Court's judgment denying the trustee's claim to certain equipment and parts, or the value thereof, which were repossessed from the bankrupt by appellee Massey-Ferguson under certain conditional sales contracts within the four-month period next preceding the filing of Dunagan's voluntary petition in bankruptcy.

The material facts, as found by the District Court, are not in dispute, and may be summarized as follows: The bankrupt came into possession of the equipment and parts in question pursuant to a "Dealer Wholesale Note and Invoice", and certain "Dealer Sales Agreements" between Massey-Ferguson and the bankrupt, which admittedly amounted to contracts of conditional sale under Arizona law. On April 12, 1963, some two months prior to bankruptcy, appellee repossessed the personal property in controversy "under a claim of ownership" as seller, by virtue of the conditional sale contracts which had reserved title in the appellee until full payment of the purchase price.

The contracts of conditional sale were never filed for record in Arizona. The bankrupt had never sold or agreed to sell any of the property to any purchaser, and none of the bankrupt's creditors had placed any lien thereon, prior to appellee's repossession. Moreover, at the time the property was so repossessed by appellee, the bankrupt was insolvent and appellee had reasonable cause to believe that the bankrupt was insolvent.

The sole question presented upon this appeal is whether the District Court correctly decided that the trustee was not entitled to reclaim the repossessed property under §§70c, or 70e(1), or 60b, of the Bankruptcy Act. [11 U.S.C. §§110(c), 110(e)(1), 96(b).]

Turning first to §70c, we note that the oft-called "strong-arm" clause of the section provides that:

> "The trustee, as to all property, whether or not coming into possession or control of the Court,

upon which a creditor of the bankrupt could have obtained a lien by legal or equitable proceedings at the date of bankruptcy, shall be deemed vested as of such date with all the rights, remedies, and powers of a creditor then holding a lien thereon by such proceedings, whether or not such a creditor actually exists."

We note also that the Bankruptcy Act leaves the §70c question, whether "a creditor of the bankrupt could have obtained a lien" on the property at the date of bankruptcy, to be determined by State law, here the law of Arizona. [See: *Corn Exchange Nat. Bank & Tr. v. Klauder,* 318 U.S. 434 (1943); *Bryant v. Swofford Bros. Dry Goods Co.,* 214 U.S. 279 (1909); *In re Rosenberg Iron & Metal Co.,* 343 F.2d 527 (7th Cir. 1965); *In re Kellett Aircraft Corp.,* 173 F.2d 689 (3rd Cir. 1949).]

Arizona law recognizes as valid contracts of conditional sale of personal property which reserve title to the goods in the seller. [Ariz. Rev. Stat. §§44-301, 44-304.] However, these contracts are made subject to §44-305 which declares that:

> "Every provision in a conditional sale reserving property in the seller, shall be void as to any purchaser from or creditor of the buyer, who, without notice of such provision, purchases the goods or acquires by attachment, or levy a lien upon them, before the contract or a copy thereof shall be filed as hereinafter provided, and is void as to all persons except for the buyer unless such contract or copy is so filed within ten days after the making of the conditional sale." [Ariz. Rev. Stats. §44-305.]

In *Castaneda v. Natianal Cash Register Co.*, 43 Ariz. 119, 29 P.2d 730 (1934), the Arizona Supreme Court considered the phraseology of §2890 of the Revised Code of 1928, which is identical in relevant portions to the above-quoted provisions of §44-305 of the Revised Statutes, and held that the phrase "and is void as to all persons except for the buyer" could not be reconciled with the provisions immediately preceding it. In this connection, the Arizona Court said:

> "Of course the Legislature did not intend to protect the seller's reserved property in one sentence and to invalidate such property under precisely the same facts in the next sentence. Effect cannot possibly be given to both these legislative expressions. One or the other, we must assume, expressed what the Legislature in fact and in truth intended. . . . [W]e must conclude that it intended to preserve [§5 of the Uniform Conditional Sales Act] as originally passed." [43 Ariz. at 125, 29 P.2d at 732.]

Section 5 of the Uniform Conditional Sales Act was originally enacted in Arizona as §5, ch. 40 of the Laws of 1919, the language of which was identical to later §2890, except that §5 did not contain the phrase "and is void as to all persons except for the buyer", but simply provided that the reservation of title in a conditional seller was void only as against purchasers and lien creditors who acquired their interests before the contract was filed for public record. And in the *Castaneda* case, the Arizona Court cited with approval the following comments of the Commissioners on Uniform State Laws:

> "The purchasers and creditors have a right to demand that there shall be a record at the time they buy or acquire a lien, but they have no right to complain if the record was made twenty days after the delivery of the goods, instead of ten days, so long as it was made prior to their acquisition of a claim against the goods. It was certainly the intention of the Commissioners on Uniform State Laws to make a filing in twenty or thirty days after the making of the contract, valid as against all purchasers from the buyer subsequent to the filing and against all creditors of the buyer levying or attaching after the filing. The matter was fully discussed. The intent of the Commissioners was undoubtedly explained by them to the legislatures of the various states which have adopted the Act, and so has become the legislative intent." [*Castaneda v. National Cash Register Co., supra,* 43 Ariz. at 123, 29 P.2d at 732; see 2A Uniform Laws Ann. 90.]

In the case at bar, although the conditional sales agreements were never filed for public record, admittedly no buyer purchased any interest in the property and no creditor obtained a lien thereon prior to appellee's repossession. Arizona law treats repossession as the legal equivalent of filing for public record; and justly so, since no creditor or purchaser could thereafter rely upon the debtor's apparent ownership of the property. [*Moore v. Chilson,* 26 Ariz. 244, 224 P. 818 (1924).]

Under Arizona law, then, the only person who could defeat appellee's rights in the repossessed property here would be required to qualify, either as a pur-

chaser of the property without notice of the conditional sale agreements, or as a creditor who had acquired a lien by attachment or levy without such notice, before the repossession occurred.

As the Court explained in *Lewis v. Manufacturers Nat. Bank,* 364 U.S. 603 (1961), the trustee acquires under §70c of the Act the rights of a hypothetical creditor "then holding a lien" as of the time of filing of the petition in bankruptcy; but the trustee may not reach back to some "anterior point of time" and assert the rights of a creditor at such "anterior point of time". The District Court correctly concluded, therefore, that §70c of the Act was inapplicable at bar, since no creditor, actual or hypothetical, "could have obtained a lien" on the property "at the date of bankruptcy". [Cf. *Pacific Finance Corp. v. Edwards,* 304 F.2d 224 (9th Cir. 1962).]

Furthermore, as the learned District Judge pointed out, the absence of any purchaser or attaching creditor prior to repossession prevents the trustee from recovering under §70c(1) of the Act [11 U.S.C. §110 (e)(1)], no transfer of the repossessed property having been made or suffered by the debtor which was "fraudulent as against or voidable for any other reason by any creditor of the debtor" under the law of Arizona.

There remains to be considered, then, what rights the appellant trustee had under §60 of the Bankruptcy Act. [11 U.S.C. §96.] The precise question is whether appellee's repossession of the property amounted to voidable preference within the provisions of § 60.

Section 60a(1) defines a preference to be:

> ". . . a transfer, as defined in this Act, of any of the property of a debtor to or for the benefit of a creditor for or on account of an antecedent debt, made or suffered by such debtor while insolvent and within four months before the filing by or against him of the petition initiating a proceeding under this Act, the effect of which transfer will be to enable such creditor to obtain a greater percentage of his debt than some other creditor of the same class." (11 U.S.C. §96(a)(1).]

And §60b declares such a transfer voidable at the suit of the trustee, if the creditor knew or had reasonable cause to believe that the debtor was insolvent at the time the transfer was made. [11 U.S.C. §96(b).]

Under the 1910 version of §60b [36 Stat. 838], the Supreme Court held that tardy filing for public record of an agreement of conditional sale, within the four-month period preceding bankruptcy, did not constitute a preferential transfer. [*Bailey v. Baker Ice Machine Co.*, 239 U.S. 268 (1915).] The rationale of the court's holding was that, under a conditional sales contract, where title to the property does not pass to the buyer until fulfillment of the conditions of sale, the seller's later repossession of the property will not operate as a "transfer" of "any of the property af a debtor", even though the agreement of conditional sale was never filed for public record. The Court observed that: "The property to which it [the contract] related was not [the conditional vendee's] but [the conditional vendor's]". [*Bailey v. Baker Ice Machine Co.*,

supra, 239 U.S. at 274; and see: *Finance & Guaranty Co. v. Oppenheimer,* 276 U.S. 10 (1928); *Guaranty Security Corp. v. Reed,* 299 F. 265 (1st Cir. 1924); *Big Four Implement Co. v. Wright,* 207 F. 535 (8th Cir. 1913).]

However, the 1950 and 1952 amendments to the Bankruptcy Act convince us that the *Bailey* doctrine no longer subsists. In 1950, the Congress amended §60 to define more precisely the time of a "transfer" within the meaning of §60(a) and (b), by providing in §60a(2) that:

> "For the purposes of subdivisions (a) and (b) of this section [60], a transfer of property other then real property shall be deemed to have been made or suffered at the time when it became so far perfected that no subsequent lien upon such property obtainable by legal or equitable proceedings on a simple contract could become superior to the rights of the transferee." [64 Stat. 24 (1950); 11 U.S.C. §96(a)(2).]

Section 60a(7)(I) allows the creditor twenty-one days, unless the State law fixes a shorter period of time, within which to perfect the creditor's interest so that no lien described in §60a(7)(II) can become superior to the creditor's rights in the property. [11 U.S.C. §96(a)(7)(I).] And §70a(7)(II) provides:

> "Where compliance with the law applicable to the transfer is not had in accordance with the provisions of sub-paragraph I, the transfer shall be deemed to be made or suffered at the time of compliance therewith." [11 U.S.C. §96(a)(7)(II).]

In 1952, the Congress amended §1(30) to include a contract of conditional sale within the statutory definition of a "transfer" by expressly declaring that "the retention of a security title to property delivered to a debtor shall be deemed a transfer suffered by such debtor." [66 Stat. 42 (1952), 11 U.S.C. §(30).]

The 1950 and 1952 amendments to the Bankruptcy Act do not, it is true, explicitly disavow the *Bailey* doctrine that rights embraced within a title interest retained by the conditional seller are not "property" of the vendee-debtor, the legislative history of the amendments persuades us that the Congressional intent was to repudiate unequivocally the *Bailey* rationale. Before recalling the Congressional reports on the amendments, we should first refer to an earlier footnote to the 1943 opinion in *Corn Exchange Nat. Bank & Tr. Co. v. Klauder, supra,* 318 U.S. 434, wherein the Court referred to the testimony of Professor McLaughlin at Congressional hearings held prior to the 1938 Chandler-Act amendments, as follows:

> "He stated *Thompson v. Fairbanks,* 196 U.S. 516 . . . as applying a rule of state law that a mortgagee by taking possession of the mortgaged property at a time subsequent to the execution of the mortgage thereby validated it as of the time of execution. He said that §60a would prevent such validation by relation back. Similar disapproving reference was made to *Bailey v. Baker Ice Machine Co.,* 239 U.S. 268. . . ." [318 U.S. at 438, n. 11.]

The 1949 Report of the Judiciary Committee of the House (H.R. Report No. 1293, 81st Congress, 1st Sess., to accompany S. 88), dealing with the proposed 1950 amendments, declared:

> "In *Sexton v. Kessler* (1912) 225 U.S. 90, the Supreme Court, under the language of the Bankruptcy Act prior to the 1938 amendment, recognized as valid a pledge of stocks and bonds consummated within the 4-month period, at a time when the pledgor was insolvent, because a promise to make a pledge had been made before the commencement of the 4-month period. This result was reached on the doctrine of 'relation back.'
>
> "Similarly, in *Carey v. Donohue* (1916) 240 U.S. 430, the Supreme Court recognized as valid an unrecorded deed to real estate, on the ground that the applicable State statute did not make such a deed invalid as against judgment creditors. The *Carey* case, accordingly, became known as the 'pocket lien' case.
>
> "Other cases, substantially to the effect of one or the other of these two, are *Bailey v. Baker Ice Machine Co.* (1915) 239 U.S. 268; *Martin v. The Commercial Bank* (1918) 245 U.S. 513; and *Bunch v. Maloney* (1918) 246 U.S. 658.
>
> "In 1938 the Bankruptcy Act was amended to obviate the effect of these cases, which were regarded with disfavor by the great majority." [1950 U.S. Code Cong. Service 1985, 1986; See Bankruptcy Act §60a(6); 11 U.S.C. §96(a)(6).]

Next came the Senate and House report on the 1952 legislation, to "clarify" the definition of "transfer" in §1(30) of the Bankruptcy Act, stating:

> "Section 1(h) of the bill adds a sentence to the definition of 'transfer' in section 1(30) of the act to clarify it. Notwithstanding the apparently sweeping language of the present definition of transfer, there is a chance that it would be held insufficient to cover the security interest reserved in the grantor by conditional sale, lease, or bailment transaction with the debtor, because such interests are not the results of transfers made by the debtor, although they usually perform the same function as a transfer made by him for the purpose of security. *Bailey v. Baker Ice Machine Co.,* 239 U.S. 268 (1915), held that a conditional sale to the debtor could not be a preferential transfer, because it was not made by the debtor. Since [1950] the amendment of section 60, it is clear that a preferential transfer may be suffered by the debtor but the generality of the present definition is clarified by the declaration that such a reserved interest may be a transfer suffered by the debtor." [Senate Report No. 1395, April 2, 1952 (to accompany S. 2234), 1952 U.S. Code Cong. and Admin. News 1960, 1963.]

Accordingly, appellee's retained "security title" here must be deemed to be "a transfer . . . of the property of a debtor . . . suffered by such debtor" [§60a(2); 11 U.S.C. §96a(2)] on April 12, 1963, when appellee repossessed the property in controversy. For prior to this repossession, the property was subject to the claims of all purchasers from and all creditors of the buyer who might have obtained a lien thereon in accordance with the law of Arizona, without actual or constructive notice of the seller's retained "security

title", inasmuch as the conditional sale agreements covering the property had never been filed for public record as required by Arizona law. [Ariz. Rev. Stat. §44-305.].

We hold, therefore, that appellee's failure to file the contracts of conditional sale for public record, as required by §44-305 of Arizona's Revised Statutes, made the later repossession of the property in question a transfer of the debtor's interest in such property, "for or on account of an antecedent debt", created at the time of the making of the contract of conditional sale, and thus depleted the estate of the bankrupt to the extent of the value of the debtor's property rights so transferred.

Next it is necessary to consider whether this transfer, so "suffered by such debtor", enabled appellee to obtain a greater percentage of its debt than some other creditor of the same class, in contravention of §60 of the Act. Appellee contends that the "class" referred to in §60a includes only creditors holding claims arising from contracts of conditional sale, and not unsecured creditors of the bankrupt. We do not agree. While "class" is not expressly defined in the Bankruptcy Act, it appears that the general purpose of §60 was not only to enable the trustee in bankruptcy to strike down "secret liens", but also to require prompt perfection of security interests in order to provide timely and adequate notice to other creditors. [See: *Corn Exchange Nat. Bank & Tr. Co. v. Klauder, supra,* 318 U.S. at 438-439; Bankruptcy Act §60a(6), 11 U.S.C. §96(a)(6); 3 Collier, *Bankruptcy*

(14th Ed.) §60.38(1).] Manifestly, if conditional vendors were the only creditors to be included within the "class" in question here, those purposes would be largely defeated.

It follows then that repossession by the appellee of the property subject to the conditional sale agreements, under the circumstances here and within the four-months period next preceding filing of the petition in bankruptcy, must be held to be a preference under §60b of the Bankruptcy Act. [11 U.S.C. §96b.]

This conclusion is buttressed by the fact that, since the 1950 and 1952 amendments to the Bankruptcy Act, both the Court of Appeals of the Second Circuit and the Court of Appeals of the Fifth Circuit have in effect held that the doctrine of *Bailey v. Baker Ice Machine Co., supra,* 239 U.S. 268, has been "repealed". [See: *Sims v. Capitol Refrigeration Co., Inc.,* 294 F. 2d 111 (2d Cir. 1961): *In re Morasco,* 233 F.2d 11 (2d Cir. 1956); *B. F. Avery & Sons Co. v. Davis,* 226 F.2d 942 (5th Cir. 1955).] Furthermore, as we read them, the reported decisions of the District Courts on the subject are in accord with this view. [See: *Brown v. American Trust Co.,* 186 F.Supp. 249 (N.D. Cal. 1960); *In re Huston,* 143 F.Supp. 40 (N.D. Ohio 1956); *In re Kaufman,* 142 F.Supp. 759 (W.D. Ky. 1956); *In re Burton,* 120 F.Supp. 148 (D. Md. 1954); and see *Dinkelspiel v. Garrett,* 96 F.Supp. 800 (W.D. Ark. 1951).]

On the other hand, the Court of Appeals of the First Circuit appears to continue of the opinion that the *Baker* doctrine still rules a situation such as that

presented at bar. In so holding, the First Circuit seems to rely upon *Finance & Guaranty Co. v. Oppenheimer, supra,* 276 U.S. at 12, which we think must surely fall with *Baker* in the face of the 1952 Congressional declaration in §1(30) of the Act, that "retention of a security title to property delivered to a debtor shall be deemed a transfer suffered by such debtor . . ." [See *Carina Mercury, Inc. v. Igaravides,* 344 F.2d 397 (1st Cir. 1965).]

Our high regard for the acumen of the Court of Appeals of the First Circuit gives us pause, but we remain nonetheless convinced that both reason and policy, as well as legislative history, sustain our conclusion that, under the circumstances at bar, repossession by a conditional seller of property subject to a conditional sale agreement, within the four-months period next preceding filing of the petition in bankruptcy, constitutes a preference recoverable by the trustee under §60b of the Bankruptcy Act [11 U.S.C. §96(b).]

This view finds further support in the fact that the result avoids the anomaly of allowing the security interest of a conditional seller to stand invincible while, under similar circumstances, the security interest of a chattel mortgagee is held voidable by the trustee in bankruptcy. [Compare: *McKnight v. M. & J. Finance Corp.,* 247 F.2d 112 (4th Cir. 1957) and *England v. Moore Equipment Co.,* 94 F. Supp. 532 (N.D. Cal. 1950), with *Bailey v. Baker Ice Machine Co., supra,* 239 U.S. 268. See L. Hand, J., dissenting in *In re Lake's Laundry, Inc.,* 79 F.2d 326, 328-329

(2nd Cir. 1935); Senate Report No. 1395, *supra,* 1952 U.S. Code Cong. and Admin. News at 1963; 3 Collier, *Bankruptcy* (14th Ed.) §60.43(2).]

The judgment appealed from is reversed and the cause remanded for further proceedings not inconsistent with this opinion.

Office of the Clerk
U. S. Court of Appeals
For the Ninth Circuit
San Francisco, California 94101

December 23, 1965

Mr. Wayne Davies
Editorial Counsel
West Publishing Company
St. Paul 2, Minnesota

H. W. Glessner, Trustee in Bankruptcy
v. Massey-Ferguson, Inc. No. 19,778

Dear Mr. Davies:

The printed opinion of this court was rendered and filed on December 13, 1965, and a copy sent to you for publication in the Federal Reporter. May I ask you to attend to the following corrections in the opinion before publication:

1. On p. 3, line 3 of the first full paragraph, the word "phraseology" should begin with a lower case "p."
2. On p. 6, second line from the bottom, the word "but" should be inserted after "vendee-debtor," and before "the legislative history."
3. On p. 8, line 13 of the full paragraph, quotation should read "Since the [1950] amendment," instead of "Since [1950] the amendment."
4. On p. 10, second line from the bottom of the first full paragraph, the punctuation should be amended to read as follows: "such debtor." " instead of such debtor . . ." "

Please acknowledge receipt hereof.

Very truly yours,

cc all counsel. Frank H. Schmid, Clerk.

United States Court of Appeals
for the Ninth Circuit

No. 19,778

H. W. Glessner, Trustee in Bankruptcy of Marvin K. Dunagan, Bankrupt,
Appellant,

vs.

Massey-Ferguson, Inc., a corp., et al.,
Appellees.

Appeal from the United States District Court
for the District of Arizona

JUDGMENT

This Cause came on to be heard on the Transcript of the Record from the United States District Court for the District of Arizona and was duly submitted.

On Consideration Whereof, It is now here ordered and adjudged by this Court, that the judgment of the said District Court in this Cause be, and hereby is reversed and that this cause be and hereby is remanded to the said District Court for further proceedings not inconsistent with the opinion of this Court, with costs in this court in favor of the appellant and against the appellees.

COSTS:

Clerk's Docket Fee:	$25.00
Rept. record	$33.36
Total	$58.36

Filed and entered December 13, 1965.

Office-Supreme Court, U.S.
FILED
MAY 23 1966
JOHN F. DAVIS, CLERK

In the Supreme Court
OF THE
United States

OCTOBER TERM, 1965

No. 1210

MASSEY-FERGUSON, INC., a corporation,
Petitioner,

vs.

H. W. GLESSNER, Trustee in Bankruptcy of Marvin K. Dunagan, Bankrupt,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF FOR THE RESPONDENT IN OPPOSITION

CLAGUE A. VAN SLYKE,
182 North Court, Tucson, Arizona,
Attorney for Respondent.

PERNAU-WALSH PRINTING CO., SAN FRANCISCO, CALIFORNIA

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